



Blue Cross' reform strays from target

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If you have health insurance in this state, the odds are good it's through Blue Cross Blue Shield of Michigan. The insurer covers 70 percent of the market and does well financially — making about \$1 million a day in profits.

Issue Blue Cross Blue Shield pushes health-insurance reform when it comes to covering high-risk people who need insurance.

Our Say

There's a genuine policy change here, but it's lost in a slew of unrelated changes that lawmakers are considering.

Still, the faltering health-care system that leaves many without employer-paid insurance is putting a burden on Blue Cross and the entire system. People who buy insurance on their own are growing in numbers and creating steeper losses. The response from Blue Cross has been to push state legislation that tackles the problem. Its proposal is worth endorsing — if only it weren't weighed down with excess baggage.

The state Senate is looking at four bills that, stripped down to basics, have one simple goal: Create one statewide pool for high-risk people who buy their own insurance policies. This might include the lifelong smoker who's at risk for cancer and heart disease, but isn't old enough to qualify for Medicare. Or the family with low-wage parents whose child is fighting disease.

Blue Cross says it covers those people now because other insurers won't. It's a nonprofit and is designated by the state as "insurer as last resort" (in exchange for tax-free status). The company's argument for a new approach is that it can't sustain losses from these high-risk clients, especially as their expenses grow. With a pool, Blue Cross would keep taking on all comers, but other insurers would have to pick up some cost.

Fair enough. If a private company won't cover someone — or raise premiums at renewal time for someone who becomes gravely ill — it should bear some of the cost for Blue Cross to do society's work. If the insurance industry simply stopped writing policies for those who didn't pay their way, the health-care system would collapse. Blue Cross officials note persuasively that 29 states use the exact approach of what they propose in Michigan.

If that were the end of it, this would look to be a slam dunk in Lansing. But the four bills up for debate have sparked fireworks for good cause. They're full of unnecessary ideas that lead critics to insist this all is little more than a money grab from Blue Cross. Let's not impugn motives, but the faults in the bills are major. A few worth noting:

- The Accident Fund Company of America, a for-profit subsidiary of Blue Cross, could sell new lines of insurance. Blue Cross officials say extra profits could defray losses from coverage its nonprofit offers. It's a weak connection.
- Blue Cross could deny coverage of pre-existing conditions for 12 months, up from six now.
- The attorney general and the state Office of Financial and Insurance Services would have little input on rate hikes. Private insurers would have to pay out more of the money they collect in premiums, 70 percent, in direct medical costs, up from 55 percent now. Yet if the industry operates on as thin a profit margin as Blue Cross officials say, that could hurt private companies — and, worse, drive them from the state.

It's hard to understand how this legislative package sailed quickly through the state House last year, but it's healthy that the state Senate is moving cautiously.

Blue Cross makes a compelling case: The state should reform the insurance industry to spread the cost of covering high-risk people. However, the package of bills on the table are a prescription only for trouble if they become law.